

ETEXT ATTACHMENT

06/25/2002 17:13

June 24, 2002 Ms. Antoinette Kitchen Senior Reports Analyst Reports Analysis Division Federal Election Commission Washington, D.C. 20463 Identification Number: C00109017 Reference: Letter regarding SBC EmpAC October Monthly Report (9/1/01 - 9/30/01) Dear Ms. Kitchen: This is in response to your May 15, 2002 letter (the "Correspondence") in which you raised two questions regarding certain information contained in the SBC EmpAC October Monthly Report (9/1/01 - 9/30/01). First, you questioned the totals listed on Lines 23 and 29, Column B of the Detailed Summary Page(s). Second, you questioned the reporting of certain in-kind contribution(s) that were designated for the general election, but made before the primary election. This letter constitutes our response to your questions and documents the corrective actions that we will take. Totals Listed on Lines 23 and 29, Column B of the Detailed Summary Page(s). This issue results from our reporting two (2) in-kind contributions on Line 29 of the May 20 FEC filing's Detailed Summary Report, rather than on Line 23. Angela Hanratty, Manager-Federal EMPAC, contacted the PAC software vendor to inquire about the erroneous totals and was advised that in the May 20 FEC filing, two (2) in-kind contributions totaling \$5,322.77 were made and reported on Line 29 of the Detailed Summary Page. Subsequent changes were made to the software in September 2001 in order to comply with the FEC's guidelines on processing and reporting in-kind contributions. After the implementation of the FEC required changes, those two (2) in-kind contributions in the amount of \$5,322.77 were correctly re-directed to Line 23 disbursements and added to the "Calendar Year-to-Date" total in Column B of the Detailed Summary Page in the October 2001 monthly report. However, previously filed monthly reports were not amended. Those changes account for the discrepancies in Column B, Lines 23 and 29 of the Detailed Summary Page between the October 2001 monthly filing and the September 2001 monthly filing. We are correcting this discrepancy by filing an amended monthly report for any affected period. In-Kind Contribution(s) That Were Designated For The General Election, But Made Before The Primary Election. The second item in the correspondence pertained to in-kind contributions disclosed on Schedule B of the October Report. It states that according to FEC Advisory Opinion 1996-29, in-kind contributions for food and refreshments in connection with fundraising events for federal candidates were not considered to have a "long-term useful life" and could only be designated to the current election period. Designation to a future election for this type of in-kind contribution was not permissible. Ms. Hanratty stated that she was not aware of this Advisory Opinion and has taken corrective action. Letters have been sent to the appropriate campaign committees requesting refunds of these in-kind contributions (please see attached copies of letters). Consistent with FEC reporting requirements, our future monthly filings will report our receipt of these refunded contributions. In the process of investigating your inquiry, we became aware that, due to a software issue resulting from our move to the Web-based system for PAC reporting, amounts previously (and correctly) reported on Line 28 were moved to Line 29 on the Detailed Summary Page for the April 2001 and subsequent monthly reports. Since the amount reported on Lines 28 and 29 is cumulative with respect to each monthly FEC report, we are correcting this issue by filing amended reports for each monthly period from April 20, 2001 through the 2001 year-end report. In the amended reports, these refunds are correctly reported on Line 28 of the Detailed Summary

Page. Please note that SBC EmpAC did not receive your correspondence dated May 15, 2002, and only became aware of these issues upon receipt of the June 6, 2002 letter from Mr. Gibson that contained a copy of the original May 15, 2002 request. Please let me know if you require further information or have additional questions. Sincerely, Michael J. Viola
Treasurer, SBC EmpAC